

For release at 8:30 a.m. EDT
Tuesday, June 26, 2001
FHFB 01-15 (MIRS)

For further information contact:
Timothy D. Forsberg
(202) 408-2967

*Federal Housing Finance Board Reports
Higher Mortgage Interest Rates*

Washington, D.C. – The Federal Housing Finance Board today reported that the average interest rate on conventional 30-year, fixed-rate mortgage loans increased 9 basis points to 7.18 percent during May. Interest rates on 15-year, fixed-rate loans increased by 12 basis points to 7.06 percent during May.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) increased 8 basis points to 7.08 percent. The effective interest rate, which reflects the amortization of initial fees and charges, increased 8 basis points to 7.17 percent. The average contract rate on fixed-rate mortgages increased 9 basis points to 7.16 percent, while the average contract rate on adjustable-rate mortgages (ARMs) increased 2 basis points to 6.48 percent.

Initial fees and charges were 0.58 percent of the loan balance in May, up from 0.53 percent in April. Thirty-eight percent of the purchase-money mortgage loans originated in May were "no-point" mortgages, down from 39 percent in April. The average term was 27.6 years in May, up from 27.5 percent in April. The average loan-to-price ratio in May was 76.1 percent, down from 76.4 percent in April. The average loan amount increased by \$2,800 to \$155,100, in May, while the average house purchase price increased by \$4,600 to \$214,600.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 7.08 percent based on loans closed in May. This is an increase of 0.07 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The June index value will be announced on July 26, 2001.

The Federal Housing Finance Board maintains telephone lines that give recorded information on the current value of many of the interest rates reported in this release. That phone number is (202) 408-2624. This recording will be next updated on July 26, 2001.

Technical note: The data is based on a monthly survey of major lenders that are asked to report the terms and conditions on all conventional, single-family, fully amortized, purchase-money loans closed the last five working days of the month. The data thus excludes FHA-insured and VA-guaranteed mortgages, refinancing loans, and balloon loans. This month's data is based on 27,395 reported loans from 112 lenders, representing savings associations, mortgage companies, commercial banks, and mutual savings banks. The effective interest rate includes the amortization of initial fees and charges over a 10-year period, which is the historical assumption of the average life of a mortgage loan. The data is weighted to reflect the shares of mortgage lending by lender type as reported in the latest release of the Federal Reserve Board's Home Mortgage Disclosure Act data.